

- (g) During this annual review of the Cost Allowance Matrix, each party agrees to supply the other with all relevant production records, financial and business records, etc. Outside sources may be used as a cost of production reference such as, but not limited to, Iowa State or Agrimetrix to keep [REDACTED] and HFC informed of current costs to produce.
- (h) The types of occurrences which could require matrix changes include, but are not limited to, the following: environmental laws, legislative issues, animal rights issues, drug usage, inflation, interest rates, quoted feed prices (Omaha corn and Decatur/Central Illinois 44% soymeal), changes in workers compensation or labor rates [REDACTED] etc. Both HFC and [REDACTED] agree that the Cost Allowance Matrix will not be adjusted based on factors that are unique to [REDACTED] (except as provided above), for example, [REDACTED] inability to maintain high farrowing and weaning rates, high herd health, good feed efficiency, etc.

### 3. CONDITION OF SALE.

- (a) Herd ownership remains with [REDACTED]. HFC will have no ownership interest of the animals at any time, other than the market hogs purchased under this Agreement.
- (b) [REDACTED] will provide all management, supervision, labor utilities, medications, vaccines, and feed to properly and competently operate the facility. [REDACTED] must at all times not be in material default of financial obligations to lenders financing the facilities and operations referred to herein. [REDACTED] must provide evidence thereof to HFC upon its request. In light of the terms of this Agreement, [REDACTED] must demonstrate at all times the ability and likelihood that its farms will be operational and producing hogs for at least a period of the length of this Agreement. HFC shall have ongoing access to cost and financial records of CF under this Agreement. [REDACTED] must also use an approved cost and record keeping system.
- (c) CF must have a Quality Assurance Program to assure that all hogs delivered are drug and residue free and meet consumers' expectations for safe, wholesome pork products.
- (d) As set forth above, from each [REDACTED] sow unit developed, [REDACTED] will deliver to HFC [REDACTED] market hogs per year. The hogs must meet the quality standards set forth in Paragraph 2 (d), above, and any hogs failing to meet this quality standard will not be counted toward HFC's delivery commitment. Marketing will be in an orderly fashion on a weekly schedule, with the market hogs produced uniformly in size and numbers week to week and sold on HFC's Grade & Yield Buying Program. Delivery schedule will be jointly coordinated between [REDACTED] and HFC one week prior to scheduled delivery.
- (e) [REDACTED] will use its efforts to select the best available genotype to ensure that any drug use is reduced to a minimum and to provide the type and quality of animal consistent with HFC's processing objectives. HFC will assist [REDACTED] in genetics by providing data to [REDACTED] on carcass cutout and meat quality. Both parties will work together to assure the genetics are meeting both the production and carcass meat quality requirements. HFC will meet with [REDACTED] biannually to review its long-term projections for carcass weight and quality requirements.
- (f) [REDACTED] will be responsible for the expense of and providing transportation to HFC's plant.

- 4. ARBITRATION. Any and all material disputes as to the meaning or implementation of this Agreement shall be resolved by binding arbitration conducted in accordance with Minnesota law and the rules of the American Arbitration Association then in effect obtaining.